



Is Bitcoin Poised for a Big Bull Run?

Description

The price of Bitcoin has built solid momentum since the beginning of February. It recently entered technical bull territory. Earlier this month, I'd recommended that [investors avoid Bitcoin](#) and other cryptocurrencies.

Many companies that had confidence in crypto trading in late 2017 and early 2018 have since drifted away. **Goldmoney** ([TSX:XAU](#)), a financial technology company involved in precious metals trading, started offering Bitcoin and crypto trading on its platform in late 2017. This month, Goldmoney announced that it would cease offering Bitcoin and other crypto trading. It is giving customers the option to liquidate or move holdings to another crypto wallet.

The loss of faith from a prominent fintech company is a [troubling sign](#). Cryptos were fighting, and seemingly winning, the battle of legitimacy in early 2018.

I continue to believe that regulatory roadblocks and skepticism will apply downward pressure to Bitcoin and cryptos like Ethereum (ETH). However, today we are going to explore a more optimistic outlook.

Naeem Aslam, chief market analyst at the forex online broker ThinkMarkets UK, is projecting a return to a prolonged bull run for Bitcoin and the crypto market at large. Aslam points to some positive technical indicators, including a move to the 50-week moving average. The bull case here is a home-run swing, as Aslam forecasts that Bitcoin can reach as high as \$400,000. This may inspire flashbacks among investors. At the peak of the Bitcoin craze, some bulls were enthusiastically calling for the \$1 million Bitcoin.

Other Bitcoin bulls are citing broader market conditions as a reason for it to return to form. The U.S. dollar has encountered some resistance, as the U.S. Federal Reserve turned dovish in late 2018. Bulls theorize that Bitcoin will receive the same push precious metals have over this period, especially if rates remain paused into 2020.

Bitcoin enthusiasts also point to the adoption of blockchain technology as a positive sign going forward. Indeed, banks like **Royal Bank**, **JPMorgan**, and others have experimented with the technology. Royal Bank announced in 2018 that had successfully facilitated transactions using the

blockchain.

However, analysts have warned that the influence of this technology may be overstated. A report from the consulting firm McKinsey & Company argued in January that the evidence for a practical, scalable use for blockchain technology is in question. The research firm **Gartner** held its annual Symposium event in February and warned against exposure to blockchain, at least for now.

Bitcoin futures volumes have plummeted in March. There was a spike in volumes in early February as Bitcoin threatened the \$4,200 mark, but this quickly petered out. These volumes are unlikely to produce the kind of price movement that bulls are calling for.

There is still interest in Bitcoin, and that is okay. Those invested in crypto should be adequately diversified to protect themselves from risk. This is especially true today. Investors who are dipping into crypto need to exercise caution at this stage. If this low volume continues, investors risk buying into a break-out trap with newcomers looking to enter on the path to \$5,000.

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